

# An Appraisal Market for K-12 Education

By Lindsey M. Burke

June 2020

## Key Points

- Any costly expense with a high potential for information asymmetry has an associated appraisal market—yet there is no such market for K-12 education.
- Families should be able to easily acquire real-time, external audits of their child’s learning.
- Funding for diagnostic and evaluative testing should be provided to parents separately from the per-pupil dollars spent on their child in district and charter schools.

Think about the last time you bought or sold a pricey item. Chances are you had that item appraised by an independent appraisal firm to provide peace of mind to both buyer and seller.

The appraisal process is used in numerous settings. Sellers pay to have their homes appraised, and buyers use those appraisals to better understand if the home has any defects or needs any repairs. Lenders also use appraisals to make sure the collateral they’re providing is worth at least as much as what they’re lending to the borrower.

Appraisals are used in antique and jewelry markets and when buying cars or boats. There’s the American Society of Equine Appraisers, the Appraisers Association of America, the Antique Appraisal Association of America, and the International Gemological Institute.

Basically, any costly expense with a high potential for information asymmetry has an associated appraisal market.

Yet, while taxpayers spend more than \$182,000, on average, during a child’s K-12 education to get that child from kindergarten through 12th grade, no similar appraisal market exists in education. It’s an expense that, in the aggregate, would likely rank among the top five purchases most families make in their lifetime.

Families should be able to easily acquire real-time, external audits of their child’s learning. Giving parents the financial flexibility with their child’s education funding to participate in an education appraisal market would help accomplish that goal.

States and local school districts could help families do this by separating the evaluation of education from the providers of that education. Funding for diagnostic and evaluative testing should be provided to parents separately from the per-pupil dollars spent on their child in district and charter schools or separated out from vouchers and tax credit scholarships.

Families should be able to use a portion of that money to use outside companies to independently evaluate where their child is academically, using that information to hold a school or education provider accountable for results.

To be sure, many tools that evaluate schools already exist. Audits such as Niche.com, GreatSchools.com, and state report cards provide external audits. But more granular information about how a child is doing in the classroom is typically provided by the teacher through parent-teacher conferences or summative assessments that provide accurate, yet dated, information to parents.

Parents need a better way to get up-to-date, accurate information on school or tutor performance from an external auditor. Companies, such as DreamBox Learning, provide math curriculum, lessons, and formative and summative assessment for elementary and middle school students, and it's available to parents for about \$100 per year. Other companies such as Zearn Math and Lexia provide adaptive literacy and math assessments for students. Seton Testing services provides ability, diagnostic, and standardized tests, CurveBreakers offers preparation for Regents exams and Advanced Placement courses, and Houghton Mifflin Harcourt provides extensive book-based tests and online assessment tools.

---

## Separating education from its evaluation would help parents hold providers accountable.

Princeton Review and Kaplan are familiar names in the test prep and evaluation market, particularly for older students as they prepare for college. Kumon, the College Board, BJU Press, and Bayside School Services provide tutoring, online courses, curriculum, and assessments. Parents can also pay for private tutors who can assess where their child is academically.

All these options provide a valuable service to parents: an external audit from an entity outside the school or teacher that is teaching their child.

And the more education dollars are freed up to be student-centered and portable, enabling parents to direct a portion of their child's per-pupil spending to external assessment companies, the more evaluation options will become available in the market.

More fundamentally, separating education from its evaluation would help parents hold providers accountable.

As EdChoice Director of Policy Jason Bedrick often notes, "True accountability is when service providers are directly answerable to the people most affected by their performance."<sup>1</sup> Those service providers are held accountable in education by parents equipped with information about provider performance and the ability to vote with their feet when a particular option isn't meeting their child's needs.

This practice is already in effect to some extent in K-12 education with micro-credentials. Arizona figured it out early on, when it allowed education savings account funds to be used for assessments and diagnostic tests.

For too long, accountability has been defined as state standardized tests (which are even federally mandated) coupled with reporting requirements to government officials. This *vertical* "accountability" upward to state and federal officials has not enabled parents to hold providers—particularly public schools—accountable for results. Giving families the option to take some of their funds and pay directly for diagnostic and standardized tests to both understand where their child is and hold providers accountable would increase *horizontal* accountability to parents.

It's a modest but meaningful step that conservatives should be for and one that is imminently achievable.

## About the Author

**Lindsey M. Burke** is the Will Skillman Fellow in Education and director of the Center for Education Policy at the Heritage Foundation.

*The opinions expressed in this publication are those of the author. They do not purport to reflect the opinions or views of AEI or the series coordinator, Frederick M. Hess.*

## Notes

1. Jason Bedrick, “Real Accountability Is Choice, Not Regulation,” Jay P. Greene’s Blog, <https://jaypgreene.com/2017/01/27/real-accountability-is-choice-not-regulation/>.

© 2020 by the American Enterprise Institute. All rights reserved.

The American Enterprise Institute (AEI) is a nonpartisan, nonprofit, 501(c)(3) educational organization and does not take institutional positions on any issues. The views expressed here are those of the author(s).